

**STATEMENT FOR THE RECORD OF  
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U.S. DEPARTMENT OF STATE,  
U.S. ARMS CONTROL AND DISARMAMENT AGENCY, AND THE  
UNITED STATES INFORMATION AGENCY, INCLUDING  
INTERNATIONAL BROADCASTING**

**FOR THE**

**COMMITTEE ON APPROPRIATIONS  
SUBCOMMITTEE ON COMMERCE, JUSTICE, STATE, THE JUDICIARY,  
AND RELATED AGENCIES  
U.S. HOUSE OF REPRESENTATIVES**

**MARCH 10, 1999**

Mr. Chairman and Members of the Subcommittee:

Thank you for the opportunity to submit a statement for the record on the Office of Inspector General's (OIG) FY 2000 budget request of \$30,054,000 for oversight of the Department of State (the Department) and international broadcasting. FY 2000 will mark the date by which the Department of State, the U.S. Arms Control and Disarmament Agency (ACDA), and the United States Information Agency (USIA), will be merged, as mandated by Congress in the Omnibus Consolidation and Emergency Supplemental Appropriations for FY 1999 (P.L. 105-277).

I am pleased to discuss the work of my office in the context of OIG's strategic plan and, in particular, our plans for enhanced security oversight in response to the attacks on our embassies in Kenya and Tanzania last year.

**I. OIG BUDGET**

The President's FY 2000 budget request to Congress includes \$30,054,000 to fund the Office of Inspector General for the Department of State and international broadcasting. This request represents a 5.5 percent increase in funding over the FY 1999 level. The increase of \$1,559,000 includes wage and price increases, annualization of the 11 positions for security oversight provided by the supplemental appropriation, and \$463,000 for five new positions devoted to monitoring the Department's \$1.4 billion security upgrade efforts in the wake of the bombings in Nairobi and Dar es Salaam and the increased terrorist threats worldwide.

The terrorist attacks in Kenya and Tanzania last year challenged our current way of thinking about how we provide security for our posts overseas and have underscored the vulnerability of the majority of our missions. In response, I have taken a number of steps to significantly enhance the security oversight operations of my office. For example, routine post management inspections now include an experienced security officer to ensure that every post inspected is subject to a rigorous review of physical security, emergency preparedness, and post management's attention to security.

A new OIG Security Enhancements Oversight Division will provide oversight of the \$1.4 billion in emergency security funds, and future funding received by the Department, to enhance overseas security. OIG will evaluate the physical and technical security being built into the new office buildings in Nairobi and Dar es Salaam. In addition, OIG will examine security for construction personnel, on-site construction, logistics for items used in the controlled-access areas, and contract management at these posts. This spring, an inspection team will evaluate the security at the interim office building in Dar es Salaam and the temporary office building in Nairobi.

Because a large portion of the emergency supplemental funds will go toward procuring goods and services and the construction of new facilities, OIG plans to provide audit assistance to ensure that contract costs, as well as contract planning and management, are reasonable. OIG may audit selected contractors prior to award and at contract completion and provide technical support to Department contracting officers in reviewing contractor-proposed costs.

Finally, we have expanded our security oversight inspections to include additional low and medium threat posts. In fact, two years prior to the terrorist attacks in Africa, because of our concerns about the security at low and medium threat posts, we expanded our work to conduct regionally based security inspections to include such posts.

In FY 2000, OIG's offices of Audits and Inspections will continue to provide broad oversight coverage of program and post operations. Our Office of Investigations will investigate allegations and other information indicating possible violations of law and regulation, as well as continue to promote increased awareness of standards of conduct and accountability among Department employees.

The Office of Audits will conduct financial, performance, and compliance audits of programs and operations in several areas including, finance, human resource, property, information resources management, international broadcasting, educational and cultural affairs, and contracts and grants. Specific areas of work include consolidated financial statements, training alternatives for the Foreign Service, maintenance and repair of buildings, international broadcasting audience research, and international trade barriers.

The Office of Inspections assesses the implementation of U.S. foreign policy and diplomatic readiness primarily through its inspections of all overseas posts and domestic

bureaus and offices. In FY 2000, OIG will inspect thirty posts throughout South America, Europe, Africa, Asia, and the Middle East.

The Office of Investigations conducts inquiries into alleged or suspected criminal wrongdoing by employees, contractors, and recipients of financial assistance. Additionally, the office manages a “hotline” for employees who wish to disclose potential fraud, waste, and mismanagement. In FY 2000, the Office of Investigations will continue to focus on increasing employee awareness and understanding of the standards of conduct and accountability, reducing areas of vulnerability and opportunities for misconduct, and more timely and effective handling of alleged violations and misconduct.

## **II. OIG OVERSIGHT**

The Secretary of State has established seven broad national interests and strategic goals for international affairs. These provide the framework within which the OIG conducts an integrated program of audits, inspections, and interdisciplinary reviews to evaluate progress toward achieving the Secretary’s objectives and to identify ways to minimize impediments to improved implementation of foreign policy.

OIG’s strategic plan establishes the OIG-wide goals and strategies that guide the work we will undertake into the 21<sup>st</sup> century. OIG strives to be proactive in addressing the challenges facing the foreign affairs agencies in their efforts to effectively implement U.S. foreign policy, clearly link resources to policy objectives, and maintain efficient, effective, and secure operations and infrastructures. We are committed to protecting the Secretary of State’s ability to pursue the foreign policy objectives of the United States free from the impediments of waste, fraud, and mismanagement.

I would like to turn now to a discussion of the work OIG has undertaken since I reported to you February last year, in the context of OIG strategic objectives.

### **Improved Implementation of Foreign Policy**

The successful development and implementation of U.S. foreign policy depends on many factors including clear chief of mission guidance and authority to implement foreign policy goals; clear and consistent communication and coordination in Washington and at missions overseas, among the various agencies and entities with foreign policy interests; and clear and consistent communication and coordination between the President, the Secretary of State, and the internal components of the Department of State at home and abroad.

#### **Post Management Inspections**

OIG assesses the implementation of U.S. foreign policy and the diplomatic readiness of Department elements through management inspections of all overseas posts and domestic bureaus and offices. Such inspections address all aspects of post operations

including bilateral relations, executive direction and management, the conduct of public diplomacy, consular operations, diplomatic readiness, administrative support, and management controls.

Embassy Cairo. Through our inspections, OIG assists the Department and chiefs of mission in developing clear lines of communication and authority to coordinate and direct all elements, policies, and resources within their countries of accreditation. For example, in the inspection of Embassy Cairo, OIG noted that the strategic dialogue at the foreign minister level and the Gore-Mubarak Partnership have helped offset a common perception that U.S. interest in Egypt is confined to the Middle East Peace process. The Ambassador and the U.S. Information Service have revitalized a cultural and American studies program to soften the U.S. image and buffer inevitable strains arising from the peace process and reductions in aid. However, a specific public affairs strategy to publicize accomplishments and changes in U.S. assistance programs is needed. More important, Embassy Cairo cannot carry out its job of encouraging the Middle East peace process if it is not kept consistently informed; this was not the case during the Wye Summit. More timely high-level feedback is essential in the sensitive post-Wye era and continuing struggle with Iraq.

Embassy Tokyo. OIG inspections also assist in improving interdepartmental and interagency coordination and in verifying and validating the performance measures established for the strategic goals of the foreign affairs agencies. For example, OIG found Embassy Tokyo to be a well-run mission that actively participates in the Washington-led policy process. Its Mission Performance Plan (MPP) is comprehensive but too long to be an effective management tool, and a more concise statement of priorities is needed. In addition, the performance indicators in the MPP are for the most part too broad to constitute an accurate measure of overall mission effectiveness. Too much of the post's public diplomacy effort is directed at Tokyo audiences. The post needs to ensure that the distribution of public diplomacy efforts reflects overall U.S. interests in Japan.

Bureau of African Affairs. OIG reviewed activities of the Bureau of African Affairs (AF) to promote and support U.S. business overseas. In sub-Saharan Africa, AF has primary responsibility at 35 posts to promote and support U.S. commercial activities. Posts have made a major commitment of personnel and financial resources to assist U.S. business in Africa. However, we found that AF does not have a coordinated management structure in Washington to promote and support overseas commercial activities. We found that 60 percent of officers arriving at posts are not trained to fully handle their commercial responsibilities. OIG recommended that AF ensure that officers with commercial responsibilities receive formal training, if practical, before arriving at post. OIG recommended that AF develop and coordinate bureau commercial initiatives, manage bureau export promotion efforts, and develop an export promotion strategy making use of the 25 initiatives outlined in the report.

## Border Security

Border security is a key national interest goal and strategic foreign policy objective. The border crossing card (BCC) was designed to be used in lieu of a passport and visa by Mexican nationals who travel frequently across the Mexican border to the United States. Over the years, the BCC became susceptible to counterfeiting and alteration. The Illegal Immigration Reform and Immigrant Responsibility Act (IIRIRA) of 1996, required that a biometric identifier (such as a fingerprint or handprint) be incorporated into any border crossing identification card. The Department of State and the Department of Justice, Immigration and Naturalization Service (INS), are working to implement the Border Biometrics Program, also known as the Laser Visa Program, by September 2001.

A recent OIG inspection of the BCC program revealed many problems that jeopardize the timely implementation of the program and compromise its intent to enhance border security. For example, the lack of laser visa processing equipment at consular posts in Mexico and continued issuance of nonbiometric 10-year visas are problems that must be addressed by the Department. Additionally, the INS, which has experienced delays in card production, checks applications against an inadequate criminal database and has no plans to check each alien's identification card at the border. Efforts by both the Department of State and the INS will be needed to correct these problems.

## Intelligence Oversight

Our Intelligence Oversight Division has significantly expanded OIG review of the effectiveness of chief of mission intelligence oversight. Our work contributed to new Department and intelligence community guidance to all chiefs of mission and their intelligence components that will strengthen foreign policy oversight while ensuring improved intelligence collection.

A concomitant review of the Bureau of Intelligence and Research's (INR) role as the Department's executive agent for intelligence operations coordination emphasized the importance of INR in maintaining an effective integration of foreign policy and intelligence operations. OIG has also established a close alliance with other intelligence community Inspectors General that has resulted in joint work in a number of sensitive foreign policy areas. Details of our intelligence oversight work are summarized in OIG classified semiannual reports.

## International Broadcasting Operations

International broadcasting is an essential element of public diplomacy. OIG is completing an evaluation of internal policies and procedures and external oversight of Radio Marti and has developed a number of recommendations that highlight problem areas requiring immediate oversight and management attention. The U.S. International

Broadcasting Act of 1994 directs that broadcasts be accurate, objective, balanced, and “consistent with the broad foreign policy objectives of the United States.”

As part of our review of Radio Marti, the Broadcasting Board of Governors (BBG), in consultation with the OIG, contracted for a panel of independent journalists to evaluate a sample of 1998 Radio Marti broadcasts. The 1998 broadcasts reflected a significant shift from pre-recorded and traditional news reports, to live programming including talk shows. The independent panelists identified problems with balance, fairness, objectivity, and adequate sourcing that impacted the credibility of the programs they reviewed particularly the live broadcasts. The panelists also identified problems affecting professionalism including packaging (e.g., intermingling news and opinion), presenting news stories in a confusing manner, and using poor judgment in the selection of stories. The independent panelists largely confined their comments to journalistic values and did not address the question of whether Radio Marti broadcasts are “consistent with the broad foreign policy objectives of the United States.” OIG recommended in our draft report that the BBG establish policies and procedures so that future evaluations can assess whether the foreign policy requirements of U.S. international broadcasting are being met. The BBG, the International Broadcasting Bureau and the Office of Cuba Broadcasting are taking steps to correct weaknesses identified in the draft report.

### **Better Alignment of Fiscal and Human Resources with U.S. Foreign Policy Priorities**

Effective alignment of resources with priorities depends on the quality of the Department’s strategic planning process and on its systems for supporting budget and cost allocations, work force planning, and management. OIG will be evaluating whether these systems provide sufficient, timely, and relevant information for decision makers, including information relevant to the consolidation of State with USIA and ACDA.

#### **Mission Performance Plans**

The Department is establishing a new planning and budget process to link its foreign policy goals and priorities to its budget and other resources. Such a process should establish a clear link between mission and bureau program plans, the overseas staffing model, and the allocation of the Department’s human and fiscal resources. To meet this strategic goal, OIG continues to assess how resources are used and to evaluate operations of Department bureaus and posts. Our efforts during this year have focused on monitoring and assessing the mission and bureau performance plan process and other mechanisms that the Department, ACDA, and USIA have in place to allocate funding for people, programs, and infrastructures.

MPP’s are the principal vehicle for documenting and reaching interagency consensus on country-level goals and strategies. The MPP’s, in turn, serve as building blocks for the Bureau Performance Plans and, ultimately, the Department’s budget submission to the Office of Management and Budget (OMB). However, OIG found,

among other things, that the process used during FY 1998 to develop MPP's was poorly timed and that many plans were incomplete. In addition, in the absence of an agreed-upon set of performance measures, missions presented performance indicators that were inconsistent and sometimes irrelevant or difficult to track. Further, the software intended to link budgets with goals and objectives, the Resource Allocation and Budget Integration Tool, proved cumbersome, ineffective, and difficult to deploy. These problems resulted in corresponding weaknesses in the Bureau Performance Plans.

### Distributing Costs of the U.S. Government Presence Overseas

The International Cooperative Administrative Support Services (ICASS) system was initiated in 1996 in response to a congressional mandate to implement a system that allocates to each department and agency the full cost of its presence abroad. Additionally, ICASS was intended to provide posts more control of administrative services through local empowerment, equity in cost distribution, transparency in billing, local selection of service providers, and the establishment of customer service standards. The goal was to obtain quality services at the lowest cost. ICASS is now in operation at 162 posts worldwide. ICASS funding for FY 1998 totaled \$655 million, and the FY 1999 budget is \$672 million.

OIG initiated a review of the ICASS program to assess posts' progress in selecting the most cost-effective service providers. OIG work to date has generally shown that most agencies at post consider ICASS an improvement over past cost distribution systems. Posts, however, have not yet realized significant cost savings resulting from ICASS. There are a number of reasons for this, for example:

- the process for selecting alternate providers is unclear,
- post ICASS councils lack training and expertise in selecting alternate service providers,
- some posts have not fully implemented ICASS, and
- ICASS information is not being used within Department headquarters elements to seek out more cost-effective alternatives.

In addition, one of the basic premises of ICASS is agency freedom of choice. At some posts, a few agencies have opted out of particular ICASS services. While those agencies have reported reducing their operating costs from what ICASS charges, the total U.S. Government costs may be higher, since costs were redistributed among the agencies that did not opt out and ICASS staffing levels remained the same.

## Consolidating Foreign Affairs Agencies

The Omnibus Consolidated Appropriations and Emergency Supplemental Appropriations Act for FY 1999, mandated the consolidation of the Department of State, ACDA, and USIA into one foreign affairs agency. OIG is addressing consolidation issues on a number of fronts, including financial management, tours of duty, and consolidation of security functions.

Financial Management. Financial management associated with the consolidation of the foreign affairs agencies presents a major challenge for the Department. This includes integrating USIA and ACDA into the Department's Central Financial Management System. The preparation of accurate and timely agencywide financial statements that include data from each agency will be necessary. Complicating the process is the fact that neither ACDA nor USIA is currently required to prepare audited financial statements under the Government Management Reform Act.

The consolidation of the Department and ACDA is mandated to occur on April 1, 1999. ACDA, therefore, will be included in the Department's FY 1999 financial statements. Because ACDA is a fairly small agency in relationship to the Department, no significant problems are expected from the consolidation of the financial information. The consolidation of financial information with USIA is more significant and complicated. The Department and USIA will consolidate on October 1, 1999, which means the consolidated information would be reflected in the Department's FY 2000 financial statements. However, to facilitate the preparation of the consolidated statements, as well as provide a proper accounting of assets to be transferred to the Broadcasting Board of Governors, USIA should, at a minimum, prepare an audited balance sheet for FY 1999.

Tours of Duty. The merger of the foreign affairs agencies also raises several challenges in the area of personnel management. Numerous policies and practices that differ between the Department and USIA such as overseas tours of duty, assignment procedures, language training, tenuring regulations, and Senior Service competition rules will have to be reconciled. The Department has stated its intention to offer increased opportunities for retraining and upgrading employee skills and to work with USIA staff to integrate public diplomacy into the curriculum at the Foreign Service Institute.

OIG has recently completed a review of overseas tours of duty. The Department's current policy of 2- and 3-year tours for staff at virtually all overseas posts (no 4-year tours) differs from other government agencies. For example, USIA currently has more than 50 posts with 4-year tours. A recent OIG review found that longer tours would reduce costs and increase employee productivity. Because of the considerable time necessary to become oriented to a new post and the time at the end of the tour to bid for and transfer to the next post, longer tours would increase the time that employees were fully productive in their current position. Also, costs could be reduced because longer



tours would reduce the number of times employees move -- the average cost of a move was more than \$18,000 in FY 1996.

Several studies by the Department and other groups have also recommended lengthening tours to improve effectiveness and achieve cost savings. However, in January 1999, Department officials announced that they would apply the Department's tour length policy when the foreign affairs agencies are consolidated, rather than adopt longer tours. In our view, this is a missed opportunity for the Department to increase the effectiveness of overseas personnel while also achieving cost savings.

Consolidation of Security Functions. Prior to the legislation merging the foreign affairs agencies, OIG reviewed the consolidation of the security function in USIA and the Department. We determined that USIA's Office of Security could be merged with the Department's Bureau of Diplomatic Security, resulting in more streamlined security activities. We identified about \$500,000 in funds that could be put to better use, including up to 10 positions that could be used for other purposes in the security area. USIA's security staff will be formally integrated into the Department's Bureau of Diplomatic Security in October 1999, pursuant to the FY 1999 omnibus appropriations legislation.

#### Alternative Staffing Opportunities

In a review of the Professional Associates (PA) Program, OIG determined that the program is a cost-effective method of filling staffing gaps overseas and providing employment opportunities for eligible family members. The estimated savings in travel, housing, shipping, and associated support costs is approximately \$105,000 annually over the cost of a junior officer position. There are, however, several opportunities for the Department to expand and improve the program. OIG recommended that the Department devote sufficient time to properly administer the program, develop and distribute program guidance to the field, develop adequate performance standards, improve the training support for PAs, and increase program flexibility by hiring PAs outside of the normal bidding cycle.

Consular agents are part-time employees authorized to provide limited consular and other related services at specified locations abroad where there is no Foreign Service post. The primary function of consular agents is to provide services to American citizens. OIG's audit of the Department's consular agent program found that the agents provide several important benefits. The agents are a low-cost alternative for providing consular services particularly to U.S. citizens overseas, they enable posts to provide more timely services to U.S. citizens, they allow for more efficient use of post personnel and travel resources, and they are a more flexible alternative to establishing an embassy or consulate.

Our review, however, disclosed several weaknesses and identified areas susceptible to fraud and malfeasance. Program weakness included: insufficient program

oversight, a lack of program guidance, a lack of planning and analysis to determine the need for consular agents, and failure to obtain reimbursement from other U.S. Government agencies using consular agent services. Personnel issues identified by OIG include inadequate performance standards and evaluations, inaccurate compensation to some agents, and no formal training. Based on OIG analysis and discussions with Department officials, the primary cause underlying the program weaknesses is the absence of a management focal point, resulting in a cumbersome process for addressing systemic problems. OIG recommended that the Department establish a management focal point to improve the program. The Department is taking action to implement the recommendations. Additionally, the Department is proposing to centralize funding (and thus policy) for consular agents in the Bureau of Consular Affairs beginning in FY 2000.

### **More Effective, Efficient, and Secure Operations and Infrastructures**

The ability of the State Department, ACDA, and USIA to advance the foreign policy interests of the United States and their respective missions depends upon the quality of agency operations and infrastructure. Readiness to meet challenges and represent the United States to the world requires high-performance organizations; the right people, with the right skills and supporting systems, in the right places at the right time, to promote national interests. OIG's focus for this strategic goal has been in the areas of security, border security, the year 2000 (Y2K) compliance and host country readiness, telecommunications, and real property.

#### Addressing Security Vulnerabilities

The terrorist attacks in Kenya and Tanzania last year challenged our way of thinking about how we provide security for our posts overseas and underscored the vulnerability of the majority of our missions. Admiral Crowe's recent "Report of the Accountability Review Boards on the Embassy Bombings in Nairobi and Dar es Salaam" (Crowe report) provided some valuable recommendations to improve security at our missions overseas and complements many of the issues that OIG has raised over the past 10 years.

Throughout our work, we have reported that funding has rarely been adequate to provide for all the security enhancements recommended by OIG. Admiral Crowe also recognized the price we have paid for the failure to invest adequately in a secure diplomatic infrastructure. The Crowe report recommended the investment of billions of dollars over the next 10 years to protect personnel against new, global terrorist threats. Without sustained funding over many years, OIG also believes that the Department will be unable to respond adequately to today's threats and those of the future. Our work has shown that senior leadership and sufficient long-range planning are critical in establishing and maintaining adequate security programs. The recently appointed Assistant Secretary for the Bureau of Diplomatic Security and Director of the Office of Foreign Missions cannot sustain a viable security program without the active support and leadership of the Secretary and other senior Department officials.

Security Funding. Funding shortfalls to correct security deficiencies will continue to be the major challenge facing the Department. Past budget constraints have limited the effectiveness of security. In 1996 we reported that budget cuts challenged the Department's ability to ensure the safety of its people and resources. For the Bureau of Diplomatic Security alone, resources available for security declined by 12 percent between FY 1991 and FY 1996. At that time, we stated people and information were minimally protected. With the advent of transnational terrorism, security resources are clearly deficient. The Crowe report recommendation for \$1.4 billion annually over the next 10 years may not be sufficient to provide adequate security.

The Department faces significant challenges in balancing resource availability and security requirements. The type and level of security threats are constantly changing; posts are confronted with advances in technology that could render existing defenses obsolete; and the Department is faced with a budget that challenges its ability to ensure the safety of its people, information, and facilities. Most missions can be made adequately secure only if they are relocated. Our security workforce has been seriously diminished by steep personnel cuts and chronic underfunding. Much of the Department's security equipment is old, either at the end of its useful life or already obsolete. Much of the security equipment is electronic and, like computers, is technologically obsolete in a short period of time.

The Department has mobilized resources across the board to begin projects funded in the \$1.4 billion Emergency Appropriation and to implement Admiral Crowe's recommendations. The Department expects to obligate the majority of the appropriation by the end of 1999. The Under Secretary for Management has created steering groups to coordinate these initiatives and to manage the multitude of efforts undertaken since the East African bombings. She has welcomed OIG participation in all of these activities. These initiatives, however, address only the most obvious, immediate concerns, such as the purchase of armored vehicles and emergency radios.

The \$1.4 billion will not correct all deficiencies. A long-term strategy is needed to correct some of the infrastructure problems, such as site acquisition and construction, which require intensive, long-term management. While it will be easy to see security enhancements such as radios and armored vehicles at posts by the end of the year, improvements such as site acquisition and construction can take years to complete. Yet these long-term investments will do more to enhance security than the short-term fixes.

The Department has had its greatest success in correcting security deficiencies when it has had the resources available to do so. Of the 588 OIG security recommendations made in 1997, the Department recognized and agreed to correct approximately 90 percent of the deficiencies. Corrective action on approximately 50 percent were completed within one year. Most of these corrective steps, approximately 60 percent, such as developing new emergency action plans, conducting emergency drills, or improving close-of-business security procedures, were of minimal cost. Historically,

approximately 90 percent of OIG security recommendations can be implemented for less than \$10,000 in each case. Nevertheless, for this group of recommendations, constant awareness and vigilance on the part of senior management at post and in the Department is required to maintain a high level of security, especially in the protection of information and the preparation for emergencies.

About 2 percent of OIG security recommendations cost more than \$100,000 to implement. These recommendations address major vulnerabilities and include corrective actions such as the relocation or construction of chanceries, acquisition of property adjacent to existing facilities, major electrical system upgrades, construction of a safehaven, or adding additional security personnel. For these recommendations, the Department needs adequate long-range planning and sufficient funding.

Senior Leadership. At missions where ambassadors take a direct and obvious interest in security, deficiencies are identified and often overcome. When ambassadors fail to establish and manage a positive tone for the security program, deficiencies are found and often linger. Furthermore, it is clear that the Bureau of Diplomatic Security cannot sustain a viable program at overseas posts without the active support and leadership of ambassadors.

The Crowe report also emphasized the importance of senior leadership and recommended that the Secretary of State take a personal and active role in carrying out the responsibility of ensuring the security of U.S. diplomatic personnel overseas. The report also emphasized the importance of conveying security as one of the highest priorities.

Likewise, in the Department, senior management must demonstrate high-level attention to security programs. Programs that cross bureau lines and do not have the active support of senior management consistently demonstrate security vulnerabilities. For example, our work has pointed out deficiencies in the Department's mainframe and communication systems security, including incomplete and unreliable security administration, inadequate training, and lack of access controls. Many of these deficiencies have resulted from the lack of consistent high-level management attention and diffusion of responsibilities. A May 1998 General Accounting Office audit report reiterated our findings on the need for improved management of information security.

The Department has provided security coordination and guidance to assist in the development of some critical computer systems and software. However, in other cases, particularly telecommunications, the Department is modernizing systems without a parallel effort to improve information security. The Department has told the OIG that it has established a security program for the mainframe system to address risks earlier identified by OIG and to ensure that responsible officials are identified and kept informed about the systems security. The Department has also taken positive steps, such as forming a Security Infrastructure Working Group with broad participation, but continual senior management support is required to minimize security deficiencies.

We also remain concerned about the Department's backup capability for its major information systems. OIG has addressed this vulnerability in three audit reports since 1988, when Congress provided funding for the backup facility now located in Beltsville, Maryland. In 1998, the Department reported that it should now have the physical capacity to address a loss of unclassified mainframe systems at the Department or in Beltsville. OIG expects to review the Department's progress in meeting our earlier concerns to ensure that those backup sites and systems currently in place are effective. We will also assess whether issues involving planning, coordination, training, and resources are resolved and whether contingency plans are fully tested.

Long-Range Planning. Long-range planning is required to reduce security vulnerabilities to our workforce, facilities, and information. To create an improved security posture overseas will be expensive and will require many years of effort. At most of our missions, security can be significantly enhanced only through major capital investments. Examples include relocating missions to safer facilities, building safe havens, or improving perimeter walls. The Department must institutionalize a long-range planning process that relates the security vulnerabilities of the most critically threatened posts to the budget process.

Daunting challenges face the Department in workforce planning. As I noted in an OIG review of the Bureau of Diplomatic Security in 1996, the Department will lose more than 200 regional security officers to retirement or forced retirement by 2000. Even with a major recruitment effort, it will take years to rebuild the professional staff necessary to meet the security challenge and to secure our diplomatic infrastructure in the future. This has been a long-standing problem in the Department. The June 1985 Report of the Secretary of State's Advisory Panel on Overseas Security (Inman Report) cited the Department "for inattention to staffing needs, including 'gyrating' recruitment cycles for new officer personnel..." Like facilities planning, it is clear that the Department must institutionalize a process for long-range workforce planning.

Although the supplemental emergency appropriation will begin to remedy the funding shortfall for security equipment, the Department has a long way to go to correct the problems with its security equipment. A 1998 OIG audit of the maintenance and repair of security equipment found that, despite the fact that much of the Department's equipment, purchased in the mid-1980s, was reaching the end of its useful life or was obsolete, the Department's budget, as submitted to Congress, did not include funding for new equipment. OIG's ongoing audit of overseas card-access systems has found similar problems. The Department lacks a uniform program for the installation, repair, and maintenance of the card-access system equipment. Furthermore, we have serious reservations as to whether the card-access control systems can effectively control access and protect sensitive information without the integration of other security measures. Our security inspections have repeatedly demonstrated that security at "lock-and-leave" posts without 24-hour cleared U.S. Marine Security Guard protection is often inadequate to protect classified material. Because of these concerns, the Department should

institutionalize a process of life cycle management for security equipment that includes budgeting for the replacement of such equipment.

Accountability Review Board Findings. Admiral Crowe raises three issues in his report to the Accountability Review Boards that have also been a source of continuing OIG concern. First, at some missions, we question whether staffing levels have grown larger than that which we can protect. The Department must address security concerns in its overall process for allocating personnel and financial resources to meet foreign policy priorities and objectives. Second, we are concerned about managing interagency security resources. Most security services are not provided under the ICASS program. There are significant funding differences among foreign affairs agencies, and we must find a way to address these imbalances. Third, we share the Accountability Review Board's concerns about the effectiveness of the Department's security management structure and have emphasized the importance of senior management accountability both in the field and the Department. Finally, the Department needs to go beyond the Crowe Report, which dealt primarily with terrorism in Africa. It did not address the full range of possible threats to information or people, nor the transnational nature of many of these threats. For example, when constructing new office buildings, the Department must protect against intelligence threats to classified and sensitive information as well as terrorist threats.

#### Immediate Security Enhancements

Over the years, OIG has made recommendations in key areas that have resulted in improved security for the Department and its overseas missions. Although a program of sustained capital investment, as envisioned by Admiral Crowe, is essential to secure our diplomatic infrastructure in the future, such a program will not immediately alter the circumstances of personnel at our overseas posts today. Even a major building program will leave the majority of our missions vulnerable to some threats for several years. Therefore, since August 1998, OIG has concentrated much of our security oversight work on measures the Department might take now to mitigate the vulnerabilities we must inevitably live with in the next several years.

Lines of Authority. A critical role of our security inspections is to remind chiefs of missions of their responsibility for the security of all official Americans at post. In our followup work in the wake of the 1997 Khobar Tower bombings, my office has placed increased emphasis on the chief of mission's role in security. I directed my office specifically to determine if there were ambiguities in the respective command responsibilities of the Secretaries of State and Defense at each mission we inspect. This is in accordance with the recent agreement between the Secretaries of State and Defense to establish formal memoranda of understanding with the chiefs of mission and regional U.S. military commands signed in December 1997. Our inspections in South America also resulted in ambassadors establishing clear lines of authority for security over all U.S. Government personnel in the region. We have also pressed for clear security oversight of the increasing number of federal law enforcement activities at posts overseas.

Emergency Preparedness. The Department of State evacuates U.S. Government employees from overseas countries because of civil disorder, political unrest, or natural disaster. Since 1988 there have been more than 130 evacuations with thousands of evacuees. As a result of our audit on emergency evacuation, the Department reinstated its crisis management exercise program, which trains emergency action committees at posts on how to manage crises more effectively. The ability of posts to respond to emergencies, such as natural disasters or terrorist attacks, is greatly enhanced by the Department's crisis management exercises and emergency drills. However, our security inspections consistently report that posts are not conducting the required drills needed to prepare for likely attacks. In 1998, when OIG focused security inspections on Western Hemisphere posts, a number of recommendations were made to improve mission response to natural disasters.

New Alarms and Drills for Vehicular Bomb Attacks. The Department needs to develop new alarms and drills to prepare personnel to take immediate cover in the event of a possible vehicular bomb attack. OIG's report on emergency bomb procedures showed that the majority of casualties came from flying glass, and it also demonstrated the need for a new alarm system that could be activated by a local guard at the first instance that a suspicious vehicle threatened our facility. In the 1997 Khobar Towers bombing as well as in the attacks on the Embassies in Nairobi and Dar es Salaam, there were only seconds between the recognition that an attack was imminent and the blast that followed. The Accountability Review Board also recognized the critical importance of these few seconds in saving lives and strongly recommended the immediate implementation of a "duck-and-cover" alarm and drill. In November 1998, the Department instructed all missions to develop such drills. Since then, OIG has conducted more than a dozen security oversight inspections. At each post, the chief of mission strongly endorsed the recommendation for such drills, but an effective alarm system and procedures on how to conduct effective duck-and-cover drills still need to be refined.

Increasing Setbacks. Setback is the preeminent security concern at posts overseas. Setback provides the most protection from vehicle bombs. Since 1988 OIG has made almost 300 recommendations that could effectively increase setback at minimal cost. For example, at one mission we recommended that officials work with the local government to alter traffic patterns around the mission. At another mission, we proposed creating increased setback by extending control over street parking spaces. However, at other missions, the only way to effectively increase setback is to purchase adjoining properties, often at a cost of millions of dollars. In other cases, the mission itself must move to a new location to achieve any meaningful setback.

Arranging Furniture. At some posts, activities as simple as rearranging furniture can protect lives. OIG has made recommendations on how office furniture might be arranged to provide greater protection from flying glass or falling debris.

Local Guards. The life and safety of our personnel depend on the local guards employed at our missions. Local guards generally work outside the perimeter of the

mission and are the first line of defense. It was the local guards in Nairobi who prevented the bomb-laden truck from entering our embassy, where it would have caused even more destruction. Since 1988 OIG has made over 200 recommendations concerning local guards, including changes in local guard positions to increase coverage of missions' perimeters. This would increase chances of providing early alert to a possible vehicular bomb attack. Other local guard issues of OIG concern include contract disputes, morale problems, and scheduling of guard coverage.

Construction Security Oversight. OIG has provided continuous oversight of one of the most significant construction projects undertaken by the Department -- the Moscow secure chancery. The Moscow Oversight Team was formed in response to the costly security mistakes that characterized previous construction efforts at Embassy Moscow. OIG evaluates the physical and technical security being built into the new chancery, as well as the security for construction personnel, on-site construction security, logistics for items used in the controlled-access areas, and contract management for the project. Our work has shown that flagging potential vulnerabilities during construction allows the vulnerability to be addressed promptly rather than waiting until construction is completed. With this approach, we are contributing our expertise to facilitate project completion within budget, and in a secure manner.

Likewise, we are working closely with the management teams responsible for replacing our missions in Nairobi and Dar es Salaam. OIG will visit both posts in April 1999 to assess the adequacy of security measures in the interim facilities and to review the sites under consideration for the new office buildings.

### Strengthening Border Security

Over the past few years, the Department has maintained a strong emphasis on the need to improve border security; however, the passport process and the immigrant and nonimmigrant visa processes remain material weaknesses. Improvements needed to address these weaknesses include additional management positions to support consular automated systems and expanded intelligence information sharing among U.S. Government agencies. In terms of consular staffing, our own work has shown that the Department will face severe shortages of experienced midlevel managers for the next several years. We have also pointed out the need for more senior, experienced consular officers at posts with high fraud levels.

The Department has mounted a major effort to counter visa fraud, including initiatives such as the machine-readable visa program, worldwide advisories to overseas posts on detecting fraudulent documents, and programs to detect terrorists. The Department also continues to refine its consular lookout systems to identify names with different spellings or those that may be translated into multiple spellings. This will better enable the Department to identify individuals who should not receive visas. The Department has also implemented a photo-digitized passport process that improves the ability to associate the document with the holder. OIG is currently reviewing the



Department's consular fraud prevention efforts, including the adequacy of the Department's guidance and training in fraud prevention and the coordination of antifraud efforts.

Our work has facilitated several improvements in the Department's consular operations. For example, our recommendations helped ensure that the modernized version of the machine-readable visa system has the capability to electronically transmit relevant data on visa issuance's to the Interagency Border Inspection System for transmission to ports of entry. Also, our work encouraged the Department to establish a proactive program to identify individuals ineligible for a nonimmigrant visa in its computer system, such as drug traffickers, alien smugglers, and organized crime members. Additionally, an OIG recommendation contributed to ensuring that consular officers overseas have access to the Department's CD-ROM technology that contains information on individuals from high-risk countries.

### Achieving Y2K Compliance

A critical challenge facing the foreign affairs agencies is their vulnerability to the Y2K problem. Generally, the Department is making steady progress toward ensuring that it is ready for the year 2000 date change. As of March 1, 1999, the Department reported that 39 of 59 mission-critical systems are compliant and fully implemented, and it expects to have 55 mission-critical systems implemented by the March 31, 1999, OMB deadline. Despite this progress, we are concerned that the Department's Y2K certification process, which is designed to provide documented independent assurance that all possible steps have been taken to prevent Y2K-related failures, is proceeding too slowly. Thus far, only two mission-critical systems have been certified by the Department's Y2K Certification Panel.

Year 2000 compliance and adequate contingency plans are necessary to avoid havoc in the foreign affairs community, including disruption of messaging systems, impediments to embassy operations such as visa and passport processing, and failures in administrative functions such as payroll and personnel processing in the year 2000. The Department's presence at more than 260 locations worldwide increases the Department's challenge to continue functioning effectively in the year 2000. Embassies and consulates rely on their respective host countries' infrastructures to provide essential, day-to-day services such as power, water, telecommunications, and emergency services. In some countries, these services could be disrupted if critical infrastructure components and control systems are not made Y2K compliant.

My office has been actively engaged in Y2K efforts in three major areas. First, we assisted the Department in its efforts to develop certification guidelines identifying what steps the Department must take to determine whether systems are Y2K compliant, and identified documentation needed to certify computer systems as "Year 2000 ready." OIG is also evaluating the adequacy of certification packages prepared by bureaus for mission-critical systems. Second, we are reviewing Department and USIA efforts

overseas to prepare adequately for the millennium change. This effort includes monitoring activities of our overseas posts to raise global awareness of the Year 2000 problem, ensuring that U.S. embassy and consulate system vulnerabilities are properly addressed, and reviewing post contingency plans. Finally, because U.S. embassies and Americans living and working abroad might be vulnerable to Y2K-related infrastructure failures, we are assessing the Y2K readiness of host countries where the U.S. Government maintains a presence.

Our work with the Department has resulted in several improvements. OIG findings resulted in greater focus on Departmentwide project management tracking; discovery of seven new applications, which were added to the Department's system-tracking database; and development of a new rating system that tracks and evaluates system interfaces.

OIG has conducted site assessments in 25 cities in 20 countries as part of an aggressive effort to review embassy preparedness and collect and analyze information on host country Y2K efforts. OIG has been increasingly concerned about the impact of Y2K problems on our overseas operations. Our emergency planning reviews focus not only on whether a post's internal computer operations are compliant, but on how well a mission is prepared to deal with a Y2K failure in local power, telecommunication, or other critical assets as it affects personnel, operations, and security. Early on, OIG found little contingency planning at posts in the event of a failure of basic infrastructure services on January 1, 2000. The Department is aware of this problem, and has sent a Contingency Planning Toolkit to all embassies and consulates to assist them in developing their respective plans.

In our effort to assess the readiness of host countries to address Y2K-related problems, OIG has met with representatives from foreign governments, key infrastructure sectors, and private industry in each country we visited. We have provided information summaries on each of these countries to the Department, USIA, the President's Council on the Year 2000 Conversion, congressional committees, and other foreign affairs organizations.

In addition, on March 5, 1999, I testified before the Senate Special Committee on the Year 2000 Technology Problem on global Y2K readiness, based on our assessments of readiness in 74 countries, 20 of which we visited over a 5-month period. The key themes of my testimony included:

- Industrialized countries are well ahead of the developing world; however, some of those locations are at risk of having Y2K-related failures because they were late in establishing Y2K leadership at the national level and because they are heavily reliant on computer technology in key sectors;
- Developing countries generally are lagging behind and are struggling to find the financial and technical resources needed to resolve their Y2K problems; still, the

relatively low level of computerization in key sectors (utilities, telecommunications, and transportation) may reduce the risk of prolonged infrastructure failures;

- Former Eastern bloc countries are late in getting started and are generally unable to provide detailed information on their Y2K remediation programs; and,
- Problems related to Y2K readiness in the health care sector are apparent in the majority of countries evaluated.

The testimony also noted that, to address global Y2K issues effectively, a more cohesive framework is needed for the development and implementation of U.S. policy concerning the Y2K problem. In our visits to developing countries, we repeatedly questioned the audit staff about whether the United States would be making funds available to support individual countries' Y2K remediation programs and for developing contingency plans. I further noted that thus far, U.S. policy on global Y2K readiness has focused mainly on supporting efforts by international organizations--such as the World Bank--that provide financial assistance to developing countries. Our conclusion is that it is now time for the foreign affairs community to broaden its approach to global Y2K readiness to include a framework for determining what actions the United States should consider taking to protect the national interest.

Finally, OIG has initiated a series of USIA Worldnet Interactive broadcasts throughout Latin America and Canada. In coordination with the Organization of American States and USIA, these interactive programs have been broadcast live throughout this hemisphere and worldwide via the internet to explore problems, strategies and solutions in the areas of timely contingency planning, energy and financial institution readiness, and auditing techniques to promote Y2K compliance.

### Telecommunications

OIG initiated a review of the Diplomatic Telecommunications Service Program Office (DTSPPO), a multimillion-dollar operation, to determine how well the office was meeting the telecommunications needs of the foreign affairs community. In spite of significant improvements in telecommunications services since the 1995 OIG audit, many customers are frustrated at the length of time DTSPPO takes to satisfy customer requirements. This review identified inadequate funding as the primary reason for delays in DTSPPO's implementation of customer requirements; some of the office's inefficient internal processes further contribute to these delays. DTSPPO can better meet the telecommunications needs of the foreign affairs community by exploring newer technologies and more aggressively marketing its services. OIG recommended that DTSPPO charge for all telecommunications services it provides, develop performance measures for key business processes, and streamline procurement processes. The Department generally agreed with OIG recommendations and is evaluating different ways it can improve DTSPPO operations and ensure that its customers receive cost-effective telecommunications services.

## Financial Management

Financial management continues to be a major challenge facing the foreign affairs agencies. The Department accounts for more than \$5 billion in annual appropriations and over \$16.7 billion in assets. The Department has made significant improvements in financial management since the Chief Financial Officer's Act was passed in 1990. OIG has focused on the Department's financial management through audits and an annual review of the Department's progress to improve material weaknesses in conjunction with the preparation of the Federal Manager's Financial Integrity Act (FMFIA) report. Over the past few years, the Department has complied with OIG recommendations in areas such as disbursing, cashing, travel advances, and accounts receivable, which significantly improved these areas and led to the removal of these weaknesses from the FMFIA report.

However, a number of significant concerns still exist, some of which have been outstanding for a number of years. Although OIG's audit of the Department's 1997 agencywide financial statements resulted in a clean opinion, the report brought to management's attention significant concerns with the security of the Department's domestic main frame computer.

Financial and Accounting Systems. OIG's audit of the Department's 1997 agencywide financial statements also raised concerns about the inadequacy of the Department's financial and accounting systems, which is both an internal control weakness and an issue of noncompliance with several laws and regulations, including the Federal Financial Management Improvement Act (FFMIA). The FFMIA requires that agencies report whether the Department's financial systems substantially comply with the Federal financial management systems requirements, applicable accounting standards, and the requirements for a Standard General Ledger. Based on our review, OIG found that the Department does not substantially comply with the Federal financial management system requirements of the FFMIA. The Department has reported its financial systems as a material nonconformance since 1983 in its annual FMFIA report.

OIG has urged the Department to focus attention on its financial systems and to develop benchmark performance indicators to measure the improvements to these systems. In response to our recommendations, the Department is planning to study the level of compliance with the FFMIA and to prepare a remediation plan as required by that Act. The Department has also upgraded the Central Financial Management System (CFMS), and has other improvement efforts under way, such as developing a replacement for the existing overseas regional systems.

Issues regarding timeliness of the financial statements and data, internal controls over major processes, and presentation of data for new requirements have yet to be

resolved. OIG's last two audits of the financial statements identified issues related to unliquidated obligations. Although we have recommended that the Department focus on this area, our preliminary audit work on the Department's 1998 financial statements shows that these weaknesses persist.

In addition, we have recommended that the Department ensure that adequate resources are devoted to financial statement preparation, especially for the FY 1998 financial statements, due to the increased reporting requirements. Based on our preliminary work, however, we have found that the Department is still unable to provide certain financial documentation by the agreed-upon deadlines.

Grants Management. Grants management is area of financial management weakness in USIA, and needs to be carefully considered in the consolidation with the Department. USIA's FMFIA report identified integration of grants-tracking systems as a material weakness. The integration of grants-tracking and accounting systems would simplify coordination and enhance the ability to manage grant processing. The Department's CFMS interface will not handle USIA grants as currently processed.

USIA annually awards about 500 domestic grants and cooperative agreements totaling approximately \$240 million, about 1,500 overseas grants totaling about \$20 million, and numerous transfers to bilateral commissions and foundations totaling \$120 million. OIG's audits have identified unauthorized, unallowable, and unsupported costs, internal control weaknesses, or noncompliance with applicable regulations associated with these awards. For example, OIG identified about \$1 million in surplus funds at the Fulbright commission in India. USIA fully implemented our recommendation to offset the commission's 1998 allocation resulting in a one-time cost savings. Screening and monitoring of the recipients of these funds will become more critical because, under revised OMB guidelines, the majority of USIA's grantees will no longer be required to have annual financial audits.

Alternatives for managing grant activities are being considered. According to the reorganization report dated January 6, 1999, consideration is being given to issues such as domestic centralization or decentralization of grants authority. The Department has decided to continue the current practice allowing for the flexibility of the public affairs officer to issue grants. The proposed plan stipulates that State-wide grants policy will remain in the Department of States' Office of Procurement Executive and grants execution will be located in the Department's Office of Logistics Management.

Expenditure of Machine-Readable Visa Fees. OIG performed an audit of the Department's expenditure of machine-readable nonimmigrant visa (MRV) fees, which are charged to foreigners to enter the United States and are used for consular and border security purposes. Overall, OIG found a well-coordinated MRV expenditure program managed by the Department.

MRV fee expenditures were in compliance with the law and were used as agreed to in consultations with OMB and the Congress. OIG also found that the current authorizing legislation was sufficiently flexible to meet the Department's foreseeable needs. The Department uses the fees to fund consular activities and border security initiatives. Specifically, the funds are used to modernize the Department's computer hardware, software, and associated communications capability used for consular services; pay the salaries of a currently estimated 2,000 full-time American employees; and fund visa fraud investigations, base operations in the Passport Services Directorate, and automation training for consular software applications.

OIG was concerned that the Department was becoming increasingly reliant on MRV collections, which were not permanently authorized for retention, to pay for recurring expenditures. Therefore, we recommended that the Department seek permanent authorization from Congress to retain the MRV collections. With permanent congressional authorization, the Department would continue receiving the full benefit of this program. The Department has requested that Congress allow permanent retention of the fees on a number of occasions and has indicated to the OIG that permanent MRV fee retention authority continues to be on the top of the Department's legislative agenda.

#### Improving Real Property Management and Maintenance

Currently the Department reports holding 12,000 properties with an estimated historical cost of about \$4 billion. For many years, OIG has identified problems in the Department's procedures for the disposition of real property. These findings contributed to language in the Conference Report accompanying the FY 1997 Omnibus Appropriations Act requiring the establishment of a Real Property Advisory Board to help reduce the Department's inventory of surplus real property overseas. OIG reviewed of the activities of the Board and found that disputed properties are appropriately chosen for the Board's review and recommendations of the Board are based on sufficient information.

At the request of the Under Secretary for Management, OIG is working with the Department to assist in identifying potential excess, underutilized, and obsolete government-owned and long-term leased real properties worldwide, which the Department would then evaluate for possible disposal. OIG has conducted limited reviews of real property in the course of its ongoing audits and inspections at overseas posts. Since March 1998, OIG has shared the results of 35 reviews with the Department and is in the process of completing reviews on another 24 overseas sites. The reviews can be used by the Department to manage the disposition of overseas real property assets.

To date, OIG reviews have identified 5 properties as excess and 81 properties as underutilized for the Department to evaluate. An example of an underutilized property includes a nearly 1-acre unpaved site near the chancery building in Paris used to provide parking for official vehicles and some embassy employees. According to post officials, there were plans to construct an office building on the site in the mid-1980s, but those

plans had been rejected. The Department has no plans to develop this site and has stated that the site is serving an essential purpose as a secure vehicle parking area. Recently the post has reported that the property is needed for security and operational concerns. OIG will review these concerns during its spring 1999 security oversight inspection of Embassy Paris.

OIG reviews also identified six properties as obsolete. For example, OIG has identified two obsolete properties at Embassy Harare. Additionally, OIG reviews noted 35 properties that the Department had previously identified for future development or disposal when local economic conditions become favorable. Examples include properties in Bangkok, Seoul, and Kathmandu.

The Department and overseas posts have recently addressed many real property maintenance and repair issues, in part, due to the work of the OIG. In 1993, OIG recommended that the Department establish a system to identify and monitor the worldwide maintenance and repair requirements and establish an initial baseline for outstanding maintenance and repair requirements. In response to the recommendation, the Department has established a system to identify and monitor requirements, but has not analyzed the information contained in that system to establish a baseline of maintenance and repair requirements and costs. Future OIG work will evaluate the Department's systems for prioritizing and performing maintenance and repair.

### **Greater Adherence to Fundamental Principles Governing Ethical Conduct**

OIG is mandated to prevent and detect waste, fraud, and mismanagement. Specific allegations or other information indicating possible violations of law or regulation are investigated by OIG special agents, supported by experts from other OIG offices as appropriate. OIG has focused on promoting increased awareness of standards of conduct and accountability among agency and OIG employees, contractors, and other appropriate audiences, including officials of foreign governments who have requested OIG assistance on this issue.

#### **Results of OIG investigations**

During 1998, the Office of Investigations opened 117 criminal investigations, referred 53 investigations for criminal prosecution, and referred 36 administrative reports for disciplinary and/or administrative action.

Visa Fraud. The OIG Office of Investigations conducted investigations in several areas, including a major, joint investigation with several other U.S. law enforcement agencies. For this investigation, documentation obtained to date indicates evidence of more than 60 instances of visa fraud. Judicial proceedings are pending in U.S. District Court.

In another case, OIG received information that an individual was involved in arranging “marriages of convenience” for illegal aliens currently in the United States and others wishing to obtain visas to enter the United States. In July 1998, the marriage broker and nine coconspirators were indicted and arrested for conspiracy to commit visa fraud.

Employee Investigations. It is the responsibility of the Office of Investigations to conduct investigations of employees accused of malfeasance or misfeasance. It is OIG policy to complete these investigations as promptly as a thorough review of the facts allow. Additionally, OIG endeavors to fully develop exculpatory information should the charges prove to be unwarranted. Just such an example occurred last year.

OIG exonerated a Department of State official alleged to have used office telephones and government time to establish a scholarship fund in the name of a friend at a private university, and to have received season tickets to sporting events at the university. OIG found no evidence that the official used government telephones or official time to help establish the scholarship fund and established that the official used personal funds to acquire season tickets to the university sporting events.

In response to charges of misconduct at USIA, OIG opened three criminal investigations, referred three investigations for criminal prosecution, and referred three administrative reports for disciplinary and/or administrative action during the last 6 months. Those investigations uncovered activities that included falsifying time and attendance sheets, fraudulent use of expense claims, and theft.

OIG also concluded its investigation of a broadcaster with the Office of Cuba Broadcasting, who submitted fraudulent relocation vouchers. In September 1998, the employee entered a guilty plea in U.S. District Court to a felony charge of filing a false, fictitious, and fraudulent claim.

#### Proactive Steps to Increase Employee Awareness

This past year, OIG continued its outreach efforts to increase employee awareness of the role and mission of the OIG within the Department and of the investigative process through briefings, discussions and participation in training sessions, and publications to assist the Department in fraud prevention.

The Office of Investigations and the Office of Counsel to the Inspector General continued to provide briefings for employees in Washington and at overseas posts on the investigative process, employee rights and responsibilities, whistleblower protections, and the Privacy Act. Briefings and meaningful dialogue with employees occurred in 20 bureaus in Washington; at 26 overseas posts in East Asia, Southeast Asia, Central Africa, Europe and Canada; and 7 passport agencies. Responses to the briefings have been positive and have included suggestions for improvements to OIG inspections, audits, and investigative processes and procedures.



OIG regularly participates in training sessions for new employees and for ambassador and deputy chief of mission seminars on standards of ethics and conduct and the OIG's role and mission within the Department. Senior auditors, inspectors, and criminal investigators regularly participate as guest lecturers in classes offered at the National Foreign Affairs Training Center for administrative, consular, and regional security officers.

As part of our dual responsibility of detecting and preventing fraud, our Office of Investigations issues Fraud Alert Bulletins and Management Implication Reports (MIR) when an investigation discloses internal control problems or systemic weaknesses in the Department's programs and operations. During 1998, OIG issued an MIR concerning the effectiveness of Equal Employment Opportunity Counselors at overseas post, following a sexual harassment investigation at an African post. Another MIR was issued following an investigation disclosing internal control problems relating to the use of government printing equipment.

#### Exchanges with Foreign Governments

OIG implemented an extensive series of outreach programs designed to exchange information on the efforts of governments to foster ethics and greater accountability in government operations. On separate occasions, the Inspector General met with officials from the Governments of Angola, Namibia, the People's Republic of China, and Bangladesh to discuss anticorruption and ethical conduct initiatives.

OIG is also working with the Government of Chile on its efforts to promote and develop public policies and to ensure the proper use of public resources. A Memorandum of Agreement was signed between the United States of America and the Republic of Chile by Secretary of State Madeleine Albright and Minister of Foreign Relations Jose Miguel Insulza in April 1998. The agreement calls for cooperation between the Inspector General of the Department of State and the General Internal Auditing Advisory Board for the Government of the Republic of Chile in several areas including Y2K, federal auditing, fraud prevention, and accountability.

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In conclusion, I have outlined an ambitious oversight agenda for FY 2000, but one that I think is essential for addressing the security oversight needs of the Department. I look forward to working with the members of this subcommittee in the coming year.